

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7835

BILL NUMBER: SB 603

NOTE PREPARED: Mar 29, 2005

BILL AMENDED:

SUBJECT: Kidney Disease.

FIRST AUTHOR: Sen. Landske

FIRST SPONSOR: Rep. Frizzell

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State

STATE IMPACT	FY 2005	FY 2006	FY 2007
State Revenues			
State Expenditures		365,000	355,000
Net Increase (Decrease)		(365,000)	(355,000)

Summary of Legislation: This bill adds kidney disease to the Chronic Disease Management Program and the Chronic Disease Registry.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill adds kidney disease to the list of chronic diseases that the Office of Medicaid Policy and Planning (OMPP) is required to develop and implement on the Chronic Disease Management Program. OMPP has identified 5,890 individuals enrolled in Medicaid in FY 2004 that had a diagnosis of kidney disease.

The disease management program consists of a web-based, recommended treatment protocol, and patient education materials, as well as a case-management component. Generally, the most severe 20% of the patient population is assigned to nurse intervention, and the remaining 80% receive telephone call intervention services. The intervention services are provided under contract. Disease management programs are intended to save

money and improve the patient's condition by managing chronic diseases to prevent or reduce the incidence of more expensive acute occurrences that use hospital emergency departments or require inpatient admissions.

OMPP has estimated that adding kidney disease to the Disease Management Program would require annual administrative expenses of \$710,000. An additional \$20,000 is estimated for one-time material and programming expenses in the first year. Medicaid administrative expenses are matched at 50% by the federal government. The state share of adding this disease to the program would be \$365,000 in the first year and \$355,000 in the second year of the biennium. Savings that might be anticipated to result from this additional disease management program have not yet been estimated. It should be noted that the disease management program has, to date, been implemented within the existing resource level of the Medicaid Program.

The bill also requires the State Department of Health to add kidney disease to the list of chronic conditions that are required to be on the Chronic Disease Registry. The Department may already include additional chronic diseases by rule to the original four conditions defined in the statute for the Chronic Disease Registry. (The original conditions are: asthma, diabetes, congestive heart failure or coronary heart disease, and hypertension.) The Department of Health reports that the Chronic Disease Registry is in development. The Chronic Disease Registry project development has been funded within the current level of resources available to the Department. Medicaid systems data will be the first data entered and tracked in the system. The Department reports that the as long as the registry is not mandatory, the development and rollout of the registry, including the additional disease state, will have minimal cost and can be accomplished within the existing level of resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning, Family and Social Services Administration; Indiana Department of Health.

Local Agencies Affected:

Information Sources: Kristy Bredemeier, Acting Legislative Liaison, Office of Medicaid Policy and Planning, 317-233-2127; and Joe Hunt, Assistant Commissioner for Information Services, Indiana State Department of Health, 317-233-7524.

Fiscal Analyst: Kathy Norris, 317-234-1360.